



"Latvijas Gāze" Joint Stock Company

Unaudited Financial Report of 9 months of 2012

Prepared in accordance with the International Financial Reporting Standards

Riga, 2012






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Information on the Company

Name of the Company	JSC Latvijas Gāze
Legal status of the Company	Joint Stock Company
Registration number, venue and date	000300064 Riga, March 25, 1991
	Reregistered in the Commercial Register December 20, 2004 with common registration No 40003000642
Address	Vagonu Street 20 Riga, LV – 1009 Latvia
Major shareholders	E.ON Ruhrgas International GmbH (47.2 %) Gazprom OJSC (34.0 %) ITERA Latvija LLC (16.0 %)
Reporting period	January 1 – September 30, 2012

Board members – names, surnames, posts, recent professional experience and education

	<p>Adrians Dāvis – Chairman of the Board</p> <p>Since 1997 – Chairman of the Board of the JSC "Latvijas Gāze"; involved in gas industry since 1965</p> <p>1997 Physical Energy Institute of Latvian Science Academy, academic degree of doctor in engineering (Dr.sc.ing.).</p>		<p>Alexander Miheyev (Александр Михеев) – Board member, Vice-Chairman of the Board</p> <p>Since 2003 First Deputy Head of the Marketing, Gas and Liquid Hydrocarbon Processing Department of the OJSC Gazprom; involved in gas industry since 1968</p> <p>1968 Graduated from the Moscow Oil and Gas Industry Institute named after I. M. Gubkin and obtained the qualifications of engineer in design and operation of oil and gas pipelines, gas storage facilities and oil tanks</p>
	<p>Jörg Tumat – Board member, Vice-Chairman of the Board (since 2006)</p> <p>2001 – 2006 E.ON Ruhrgas AG / Ruhrgas AG. Eastern Gas Purchase Department, Head of Division; OJSC "Gazprom" share and eastern gas purchase contracts; involved in gas industry since 1998.</p> <p>2001 – 2004 the University of Hagen, Diploma in Business Administration (Dipl.-Betriebswirt)</p>		<p>Anda Ulpe – Board member</p> <p>Since 1997 Board member of the JSC "Latvijas Gāze"; involved in gas industry since 1984</p> <p>2002 the University of Latvia, Master Degree of Social Sciences in Economics</p>
	<p>Gints Freibergs – Board member</p> <p>Since 1997 Board member of the JSC "Latvijas Gāze"; involved in gas industry since 1984</p> <p>1984 Polytechnical Institute of Riga, engineer in industrial heat power</p>		

JSC “Latvijas Gāze”
Unaudited financial report
9 months 2012

Council members (since July 6, 2012) – names, surnames, posts, recent professional experience and education

	<p>Kirill Seleznev (Кирилл Селезнев) – Chairman of the Council, Represents the interest of OJSC Gazprom</p> <p>Since March 20, 2003 Head of the Gas and Liquid Hydrocarbon Sales and Processing Department, OJSC Gazprom; Member of Management Committee, OJSC Gazprom</p> <p>1997 Graduated from Baltic State Technical University of St. Petersburg named after D. F. Ustinov – Engineering of Impulse Devices and Automated Rotation Lines</p> <p>2002 Graduated from St. Petersburg State University – Credit Theory and Finance Management</p>	 <p>Juris Savickis – Vice-Chairman of the Council, Represents the interest of LLC ITERA Latvija</p> <p>Since 1996 LLC “ITERA Latvija”, president</p> <p>1970 – 1972 Polytechnical Institute of Riga, Graduate school</p> <p>1983 - 1984 University of Qualification Raising for Executives, Faculty of International Relations</p>
	<p>Matthias Kohlenbach – Vice-Chairman of the Council, Represents the interest of E.ON Ruhrgas International GmbH</p> <p>Since July 2012 Member of the Board of Management of E.ON Ruhrgas International GmbH</p> <p>2009 – 2012 Head of Corporate Law Department of E.ON Ruhrgas</p> <p>Degree of doctor in Law</p>	 <p>Andreas Rau – Council member, Represents the interest of E.ON Ruhrgas International GmbH</p> <p>Since 2012 Member of the Board of Directors of SPP a.s., Bratislava</p> <p>2006 – 2011 Member / Chairman of the Board of Directors of EUSTREAM a.s., Bratislava</p> <p>1995 – 1997 Master’s degree in European Studies from the University of Aachen</p> <p>1989 – 1995 Diploma in Mechanical Engineering / Energy Technology from the University of Bochum</p>
	<p>Mario Nullmeier – Council member, Represents the interest of E.ON Ruhrgas International GmbH</p> <p>Since 2005 Head of the Baltic Office of E.ON Ruhrgas International AG in Tallinn, Estonia</p> <p>2000 Master Degree in Global Business Administration</p>	 <p>Uwe Fip – Council member, Represents the interest of E.ON Ruhrgas International GmbH</p> <p>Since 2002 E.ON Ruhrgas AG – Senior Vice-President, Head of Eastern Department of Gas Supplies</p> <p>Master in Oil Engineering, Degree in Business Management (Diploma – Merchant)</p>
	<p>Peter Klingenberger – Council member, Represents the interest of E.ON Ruhrgas International GmbH</p> <p>Since October 2010 Chairman of the Board of Management of E.ON Gas Storage GmbH</p> <p>April 2009 Managing Director of E.ON Gas Storage GmbH</p> <p>1978 – 1986 Studied mining and economics in Aachen Received a Dipl.-Ing. and a Dr.- Ing. degree</p>	 <p>Vlada Rusakova (Влада Русакова) – Council member, Represents the interest of OJSC Gazprom</p> <p>Since 2003 Head of the Strategic Development Department, OJSC Gazprom</p> <p>Since 2003 Board member of the OJSC Gazprom</p> <p>1977 Graduated from the Moscow Oil and Gas Industry Institute named after I. M. Gubkin and obtained the qualifications of engineer in design, planning and operation of oil and gas pipelines, gas storage facilities and oil tanks</p>
	<p>Alexander Krasnenkov (Александр Красненков) – Council member, Represents the interest of OJSC Gazprom</p> <p>Since 2006 General Director of the LLC “Baltic Liquefied Gas”</p> <p>Graduated from the International Institute of Finance and Economics, speciality of international economics and international relations</p>	 <p>Yelena Karpel (Елена Карпель) – Council member, Represents the interest of OJSC Gazprom</p> <p>Since 2004 Gazprom’s Council Member by the resolution of the Company’s Shareholders’ Meeting</p> <p>1968 Korotchenko Kiev Institute of National Economy getting speciality in Industry Planning</p>
	<p>Igor Nazarov (Игорь Назаров) – Council member, Represents the interest of LLC ITERA Latvija</p> <p>Since 2007 Director of the Export Department, NGK ITERA (Moscow, Russia)</p> <p>1982 Moscow State University of Foreign Affairs (MGIMO) (within the framework of the Ministry of Foreign Affairs), Diploma of Commercial Department, which equals to a Master of Economics: an economist with knowledge of foreign languages (Italian and English)</p>	<p>Names, surnames and posts of Council members (before July 6, 2012)</p> <p>Kirill Seleznev (Кирилл Селезнев) – Chairman of the Council</p> <p>Juris Savickis – Vice-Chairman of the Council</p> <p>Peter Frankenberg – Vice-Chairman of the Council</p> <p>Joachim Hockertz – Council member</p> <p>Mario Nullmeier – Council member</p> <p>Uwe Fip – Council member</p> <p>Heinz Watzka – Council member</p> <p>Yelena Karpel (Елена Карпель) – Council member</p> <p>Alexander Krasnenkov (Александр Красненков) – Council member</p> <p>Vlada Rusakova (Влада Русакова) – Council member</p> <p>Igor Nazarov (Игорь Назаров) – Council member</p>

Report of the Board of Directors

The Joint Stock Company "Latvijas Gāze" (hereinafter – the Company) is the only natural gas transmission, storage, distribution and sale operator in Latvia. The company supplies natural gas to 441.7 thousand customers in Latvia, and in winter – also to Estonia, the Northwestern part of Russia and Lithuania from the Inčukalns Underground Gas Storage Facility (hereinafter – Inčukalns UGS).

The goal of the Company is to strengthen its leading position in the fuel market of Latvia by enhancing the accessibility of natural gas, facilitating the diversity of its consumption and ensuring for consumers in Latvia one of the most stable supplies in Europe.

The vision of the Company is to make Latvia one of the largest natural gas storage hubs in Europe by using the unique geological structures of our country.

The mission of the Company is to contribute to the economy of the Baltic region by ensuring the security of energy supplies, the development of the industry and the competitiveness of prices.

The underlying principles of financial activity of the Company are as follows:

- investments in modernization of the infrastructure related to natural gas supply stability and security;
- investments in the development of infrastructure and the quality of service;
- competitive price of natural gas and services;
- profit that enables the company to make investments and pay dividends in compliance with the international natural gas industry practice. Such amount of profit is regulated by the Public Utility Commission of the Republic of Latvia by setting the level of capital return (currently the capital return is set to 8.0 % of the regulated asset basis).

1. Operation of the Company in the reporting period

In 9 months of 2012, the Company sold to the consumers 1017.9 million nm³ of natural gas. Compared to the respective period of 2011, natural gas sales have decreased by 9.2 % still being 1.8% or 17.8 million nm³ above the volume planned in the budget of 2012.

The gas injection season at the Inčukalns Underground Gas Storage Facility (hereinafter – Inčukalns UGS) began on April 25, 2012. Upon starting natural gas injection, the reserves of active gas at the Inčukalns UGS were 144.72 million nm³.

The gas injection season at the Inčukalns UGS was completed on October 11, 2012 and over the season 2012, 2 199.5 million nm³ of natural gas were injected into the Inčukalns UGS, reaching the active gas volume of 2 300.0 million nm³ at the end of the injection season.

Over 9 months of 2012, the consumers have been sold natural gas and provided services for LVL 293.5 million, which is by 18.7 % more than in the respective period of 2011 and by 2.9 % more than budgeted.

The rise of income over the respective period of 2011 has taken place because in the 9 months of 2012 the industrial and residential customers were applied differential natural gas sale end-user tariffs corresponding to a natural gas sale price, which was by 33 % higher than in the 9 months of 2011 due to quotations of the heavy fuel oil prices and changes in currency exchange rates. Compared to 2011, the income grew in both the industrial and the household customers sector.

The Company completed 9 months of 2012 with a profit of LVL 6.9 million, which is by 25 % less than in the respective period of 2011 when the profit amounted to LVL 9.2 million.

Within the framework of the capital investment programme, LVL 11.6 million of investment funds were spent over 9 months of 2012, mostly on the renovation of gas transmission and distribution pipelines, the modernization of technological equipment and wells.

Report of the Board of Directors (continued)

1. Operation of the Company in the reporting period (continued)

The key indices of the Company:

	2012 9m	2011 9m	2010 9m	2012 9m	2011 9m	2010 9m
	LVL'000	LVL'000	LVL'000	EUR'000	EUR'000	EUR'000
Net turnover	293 544	247 161	230 356	417 675	351 678	327 767
Profit before income tax, interest payments, depreciation and amortization (EBITDA)	34 441	28 430	27 907	49 005	40 452	39 708
Profit before income tax, interest payments, depreciation and amortization to net turnover (EBITDA %)	11.73%	11.50%	12.11%	11.73%	11.50%	12.11%
Profit of operational activity	11 110	12 674	12 224	15 808	18 032	17 393
Profitability of operational activity (%)	3.78%	5.13%	5.31%	3.78%	5.13%	5.31%
Profit of reporting period	6 907	9 192	8 985	9 827	13 078	12 784
Commercial profitability (%)	2.35%	3.72%	3.90%	2.35%	3.72%	3.90%
Total liquidity	1.45	1.42	1.53	1.45	1.42	1.53
Total assets	638 818	520 873	471 857	908 957	741 135	671 393
Equity	412 187	328 230	322 113	586 489	467 029	458 327
Return on assets (ROA)	1.19%	1.85%	1.86%	1.19%	1.85%	1.86%
Return on equity (ROE)	1.87%	2.83%	2.82%	1.87%	2.83%	2.82%
Number of shares	39 900	39 900	39 900	39 900	39 900	39 900
	LVL	LVL	LVL	EUR	EUR	EUR
Profit per share	0.173	0.230	0.225	0.246	0.328	0.320
Share price over earnings per share (P/E)	33.85	23.22	22.51	33.85	23.22	22.51
Share book value (BV)	10.33	8.23	8.07	14.70	11.70	11.49
Price to book value (P/BV)	0.57	0.65	0.63	0.57	0.65	0.63
Share price at the end of period	5.86	5.35	5.07	8.34	7.61	7.21

2. Research and development

In order to ensure uninterrupted natural gas supply to consumers and safe operation of the natural gas supply system, the Company has developed the “Action plan for the safety improvement of the Joint Stock Company „Latvijas Gāze” gas supply system 2010-2015”. It was prepared based on the judgments of the Russian companies “Gazobezopasnostj” and “Lentransgaz”, the institutes “VNIIGAZ” and “Giprospecgaz”, as well as the German companies “Pipeline Engineering GmbH”, “Untergrundspeicher und Geotechnologie – Systeme GmbH”, “E.ON Engineering GmbH”, “E.ON Ruhrgas International AG” and other partners regarding the technical condition of equipment and modernization possibilities.

The action plan envisages investment in safety improvement in the total amount of LVL 50.6 million (EUR 72.0 million). This basically includes projects that are required for the improvement of system operation safety, the gasification of new units and the improvement of stability of gas supply throughout the region.

Report of the Board of Directors (continued)

2. Research and development (continued)

In 2011, the OJSC „Gazprom VNIIGAZ” prepared a programme of modernization of the Inčukalns UGS up to 2025. The concept covers two development scenarios – with and without increasing the natural gas storage capacity. The projected costs are LVL 253 million (EUR 360 million) and LVL 133.5 million (EUR 190 million) respectively.

3. International cooperation

Work on attracting and adopting funds from European Commission (hereinafter – EC). On 17th August 2010 the Company received from EC resolution Nr C (2010) 5554 dated 13.08.2010. on receiving financial grant for Action No. EEPR-2009-INTg-RF-LV-LT-SI2.566527/SI2.566531/SI2.566541/SI2.566543 in accordance with Regulation EC No. 663/2009 on establishing a programme to aid economic recovery by granting Community financial assistance to projects in the field of energy. In accordance with this resolution a total of EUR 10.0 million was granted – EUR 7.5 million for reconstruction of wells at the Inčukalns UGS and EUR 2.5 million for construction of a new underwater pass and receiving trap inspection with gauges.

As at September 30, 2012, LVL 24.1 million has been spent on the project – EUR 16.2 million on the modernization of wells at the Inčukalns UGS and EUR 7.9 million construction of a new underwater pass and receiving trap inspection with gauges.

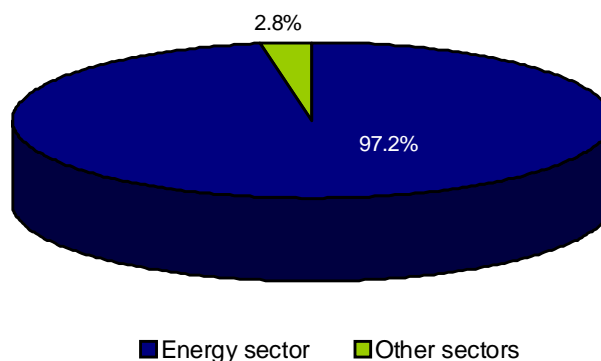
As at September 30, 2012, funding has been received from the EC in the amount of EUR 7.0 million (on April 17, 2011 – EUR 1.95 million, on April 1, 2012 – EUR 5.05 million).

4. Shares and shareholders

The composition of shareholders of the Company¹ as of December 31, 2011 and previous 2 periods:

Share	31.12.2011.	31.12.2010.	31.12.2009.
“E.ON Ruhrgas International” GmbH	47.2%	47.2%	47.2%
“Gazprom” OJSC	34.0%	34.0%	34.0%
“Itera Latvija” LLC	16.0%	16.0%	16.0%
Others	2.8%	2.8%	2.8%
TOTAL	100.0 %	100.0 %	100.0 %

The composition of shareholders of the Company as to the industries they represent as of December 31, 2011:



¹ Shareholders owning at least 5 % of capital

Report of the Board of Directors (continued)

4. Shares and shareholders (continued)

The number of shares held by the members of the Board and the Council of the Company as of December 31, 2011:

Board members		Number of shares
Chairman of the Board	Adrians Dāvis	417
Vice-Chairman of the Board	Joerg Tumat	900
Vice-Chairman of the Board	Alexander Miheyev	417
Board member	Anda Ulpe	729
Board member	Gints Freibergs	416
Council members		Number of shares
Chairman of the Council	Kirill Seleznev	0
Vice-Chairman of the Council	Juris Savickis	0
Vice-Chairman of the Council	Matthias Kohlenbach	0
Council member	Andreas Rau	0
Council member	Mario Nullmeier	0
Council member	Uwe Fip	0
Council member	Peter Klingenberger	0
Council member	Vlada Rusakova	0
Council member	Alexander Krasnenkov	0
Council member	Yelena Karpel	0
Council member	Igor Nazarov	0

The price of the shares of the Company at NASDAQ OMX Riga in 9 months of 2012 and in the respective period of previous years.

As from February 15, 1999, the shares of the Company are quoted at the NASDAQ OMX Riga exchange, and their trading code as from August 1, 2004 is GZE1R.

ISIN	LV0000100899
Exchange code	GZE1R
List	Second list
Nominal value	1.00 LVL
Total number of securities	39 900 000
Number of securities in public trading	25 328 520
Guaranteers of liquidity	None

	2008 9m	2009 9m	2010 9m	2011 9m	2012 9m
Share price (LVL):					
First	7.25	4.55	4.57	4.80	5.895
Highest	8.20	6.00	6.00	7.00	6.350
Lowest	6.00	3.32	4.57	4.60	5.380
Average	7.06	4.23	5.29	5.21	5.853
Last	6.00	5.00	5.07	5.35	5.860
Change	-17.24%	9.89%	10.94%	11.46%	-0.59%
Number of transactions	1 372	925	675	1 009	1 392
Number of shares traded	37 383	48 608	50 878	162 762	145 232
Turnover (million LVL)	0.264	0.206	0.269	0.849	0.850
Capitalization (million LVL)	239.400	199.500	202.293	213.465	233.814

Source: NASDAQ OMX Riga

Report of the Board of Directors (continued)

4. Shares and shareholders (continued)

The capitalization value of the Company in 9 months of 2012 reached 233.8 million lats - by 20.3 million lats more than in 9 months of the previous reporting period. By share market capitalization the Company took the 1st place among companies quoted at NASDAQ OMX RIGA and the 4th place among companies quoted at NASDAQ OMX Baltic (2011 9m: accordingly 1st and 6th).

The dynamics of the Company share price and indexes.

The shares of the Company are included in the following index baskets	OMXBGI, OMXBPI, OMXRGI
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OMX Baltic

An index of all shares, Baltic-wide. Its basket consists of the shares of the Official and Second list of the Baltic exchanges. The index reflects the current situation and changes in the Baltic market overall.

OMX Riga

An index of all shares, local. Its basket consists of the shares of the Official and Second list of the NASDAQ OMX Riga exchange. The index reflects the current situation and changes in the NASDAQ OMX Riga exchange.

The Company share price and changes of OMX Riga GI and OMX Baltic GI (01.01.2008. - 30.09.2012.)



Source: NASDAQ OMX Riga

Report of the Board of Directors (continued)

4. Shares and shareholders (continued)

Indexes/Shares	01.01.2008.	30.09.2012.	Change
OMX Riga GI	595,30	385,09	-35,31%
OMX Baltic GI	515,40	380,46	-26,18%
The Company's share price (LVL)	7,12	5,86	-17,70%

Chairman of the Board

A. Dāvis

Board meeting minutes No. 45 (2012)
Riga, November 22, 2012

Balance sheet

	Note	30.09.2012. LVL'000	30.09.2011. LVL'000	30.09.2012. EUR'000	30.09.2011. EUR'000
ASSETS					
<u>Non-current assets</u>					
Property, plant and equipment		402 193	313 394	572 269	445 919
Intangible assets		1 667	1 962	2 372	2 792
Trade receivables		1 898	3	2 701	4
Total non-current assets		405 758	315 359	577 342	448 715
<u>Current assets</u>					
Inventories	1	148 102	103 982	210 730	147 953
Trade receivables		14 254	12 235	20 282	17 409
Current income tax receivable		5 989	4 502	8 522	6 406
Other current assets		48 112	38 932	68 457	55 395
Cash and cash equivalents		16 603	45 863	23 624	65 257
Total current assets		233 060	205 514	331 615	292 420
TOTAL ASSETS		638 818	520 873	908 957	741 135
EQUITY AND LIABILITIES					
<u>Equity</u>					
Share capital		39 900	39 900	56 773	56 773
Share premium		14 320	14 320	20 376	20 376
Revaluation reserve	2	267 915	185 385	381 208	263 779
Other reserves		78 639	76 883	111 893	109 395
Retained earnings	3	11 413	11 742	16 239	16 706
Total equity		412 187	328 230	586 489	467 029
<u>Liabilities</u>					
<u>Non-current liabilities</u>					
Deferred income tax liabilities		41 204	27 822	58 628	39 587
Accruals for post employment benefits and other employee benefits		4 589	5 295	6 530	7 534
Deferred income		20 098	14 817	28 597	21 083
Total non-current liabilities		65 891	47 934	93 755	68 204
<u>Current liabilities</u>					
Trade payables		133 599	103 929	190 094	147 877
Corporate income tax payable		4 731	4 301	6 732	6 120
Deferred income		780	6 766	1 110	9 627
Other current liabilities		21 630	29 713	30 777	42 278
Total current liabilities		160 740	144 709	228 713	205 902
Total liabilities		226 631	192 643	322 468	274 106
TOTAL EQUITY AND LIABILITIES		638 818	520 873	908 957	741 135

JSC "Latvijas Gāze"
Unaudited financial report
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Income statement

	Note	30.09.2012. LVL'000	30.09.2011. LVL'000	30.09.2012. EUR'000	30.09.2011. EUR'000
Revenue	4	293 544	247 161	417 675	351 678
Cost of sales	5	(275 563)	(218 354)	(392 091)	(310 690)
Gross profit		17 981	28 807	25 584	40 988
Administrative expenses	6	(5 360)	(11 844)	(7 626)	(16 852)
Other income	7	3 824	1 713	5 441	2 437
Other expenses	8	(5 335)	(6 002)	(7 591)	(8 541)
Operating profit		11 110	12 674	15 808	18 032
Finance income	9	528	815	751	1 160
Finance expenses	9	-	-	-	-
Finance income, net	9	528	815	751	1 160
Profit before income tax		11 638	13 489	16 559	19 192
Income tax expense		(4 731)	(4 297)	(6 732)	(6 114)
Profit for the period		6 907	9 192	9 827	13 078

Statement of comprehensive income

Other comprehensive income

Tax sections, net

Revaluation of property, plant and equipment - gross

2	98 444	28	140 073	40
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Deffered income tax liability arising on the revaluation of property, plant and equipment

2	(14 761)	-	(21 003)	-
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Other comprehensive income for the period, net of tax

83 683	28	119 070	40
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Profit for the period

6 907	9 192	9 827	13 078
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Total comprehensive income for the period

90 590	9 220	128 897	13 118
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Statement of cash flows

	30.09.2012.	30.09.2011.	30.09.2012.	30.09.2011.
	LVL'000	LVL'000	EUR'000	EUR'000
Cash flow from operating activities				
Cash generated from operations	30 109	45 549	42 841	64 810
Interest received	558	880	794	1 252
Income tax paid	(3 592)	(5 734)	(5 111)	(8 159)
Net cash generated from operating activities	27 075	40 695	38 524	57 903
Cash flow from investing activities				
Purchase of property, plant and equipment	(11 488)	(12 148)	(16 346)	(17 285)
Purchase of intangible assets	(159)	(326)	(226)	(464)
Proceeds from sale of property, plant and equipment	58	19	83	27
Received term deposits	9 207	-	13 100	-
Term deposits	(9 207)	-	(13 100)	-
Net cash used in investing activities	(11 589)	(12 455)	(16 489)	(17 722)
Cash flow from financing activities				
Dividends paid	(23 940)	(19 950)	(34 064)	(28 386)
Net cash (used in) / generated from financing activities	(23 940)	(19 950)	(34 064)	(28 386)
Net (decrease) / increase in cash and cash equivalents	(8 454)	8 290	(12 029)	11 795
Cash and cash equivalents at the beginning of the year	25 057	37 573	35 653	53 462
Cash and cash equivalents at the end of the year	16 603	45 863	23 624	65 257

Statement of changes in equity

	Share capital LVL'000	Share premium LVL'000	Revaluation reserve LVL'000	Other reserves LVL'000	Retained earnings LVL'000	Total LVL'000
31 December, 2010	39 900	14 320	185 754	71 910	27 076	338 960
Income in year 2011, total	-	-	(369)	-	9 589	9 220
Transfer to reserves	-	-	-	4 972	(4 972)	-
Dividends for 2010	-	-	-	-	(19 950)	(19 950)
Rounding	-	-	-	1	(1)	-
30 September, 2011	39 900	14 320	185 385	76 883	11 742	328 230
31 December, 2011	39 900	14 320	185 105	76 883	29 329	345 537
Income in year 2012, total	-	-	82 809	-	7 781	90 590
Transfer to reserves	-	-	-	1 756	(1 756)	-
Dividends for 2011	-	-	-	-	(23 940)	(23 940)
Rounding	-	-	1	-	(1)	-
30 September, 2012	39 900	14 320	267 915	78 639	11 413	412 187

	Share capital EUR'000	Share premium EUR'000	Revaluation reserve EUR'000	Other reserves EUR'000	Retained earnings EUR'000	Total EUR'000
31 December, 2010	56 773	20 376	264 303	102 319	38 525	482 296
Income in year 2011, total	-	-	(525)	-	13 643	13 118
Transfer to reserves	-	-	-	7 075	(7 075)	-
Dividends for 2010	-	-	-	-	(28 386)	(28 386)
Rounding	-	-	1	1	(1)	1
30 September, 2011	56 773	20 376	263 779	109 395	16 706	467 029
31 December, 2011	56 773	20 376	263 381	109 395	41 730	491 655
Income in year 2012, total	-	-	117 826	-	11 071	128 897
Transfer to reserves	-	-	-	2 499	(2 499)	-
Dividends for 2011	-	-	-	-	(34 064)	(34 064)
Rounding	-	-	1	(1)	1	1
30 September, 2012	56 773	20 376	381 208	111 893	16 239	586 489

Notes to the financial statements

	30.09.2012.	30.09.2011.	30.09.2012.	30.09.2011.
	LVL'000	LVL'000	EUR'000	EUR'000
1 INVENTORIES				
Materials and spare parts (at net realisable value)	3 652	2 929	5 196	4 168
Gas and fuel (at cost)	144 450	101 053	205 534	143 785
	148 102	103 982	210 730	147 953
2 REVALUATION RESERVE				
At the beginning of the period	185 105	185 754	263 381	264 303
Revaluation of property, plant and equipment	98 444	28	140 073	40
Deferred income tax liability arising on the revaluation of property, plant and equipment	(14 761)	-	(21 003)	-
Disposal of revalued property, plant and equipment	(874)	(397)	(1 244)	(565)
Rounding	1	-	1	1
At the end of the period	267 915	185 385	381 208	263 779
3 RETAINED EARNINGS				
At the beginning of the period	29 329	27 076	41 730	38 525
Disposal of revalued property, plant and equipment	874	397	1 244	565
Profit for the period	6 907	9 192	9 827	13 078
Transfer to reserves	(1 756)	(4 972)	(2 499)	(7 075)
Dividends for previous period	(23 940)	(19 950)	(34 064)	(28 386)
Rounding	(1)	(1)	1	(1)
At the end of the period	11 413	11 742	16 239	16 706
4 REVENUE				
Sales per customers' groups are as follows:				
Income from natural gas sales to industrial customers	250 966	210 186	357 092	299 068
Income from natural gas sales to residential customers	30 108	26 168	42 840	37 234
Income from transmission and storage of natural gas	11 983	10 486	17 050	14 920
Other services	487	321	693	456
	293 544	247 161	417 675	351 678
5 COST OF SALES				
Purchase of natural gas	230 577	182 059	328 081	259 047
Salaries	7 985	8 491	11 362	12 082
Social insurance contributions	1 817	1 940	2 585	2 760
Life, health and pension insurance	603	631	858	898
Materials and spare parts	7 687	6 203	10 938	8 826
Depreciation and amortisation	22 773	15 282	32 403	21 744
Other	4 121	3 748	5 864	5 333
	275 563	218 354	392 091	310 690

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6 ADMINISTRATIVE EXPENSES

Salaries	2 364	2 227	3 363	3 169
Social insurance contributions	511	466	727	663
Life, health and pension insurance	108	112	154	159
Maintenance and utilities	495	515	704	733
Real estate tax	569	492	810	700
Depreciation and amortisation	440	389	626	554
Bank charges	65	60	92	85
Provisions for impairment of bad and doubtful debts, net	(74)	6 849	(105)	9 745
Other expenses	882	734	1 255	1 044
	5 360	11 844	7 626	16 852

7 OTHER INCOME

Penalties from customers	911	942	1 296	1 340
Income from contribution to financing of construction works	442	429	629	610
Provisions for slow moving and obsolete inventories impairment	126	70	179	100
Other income	905	272	1 288	387
Income from increase in exchange rates, net	1 440	-	2 049	-
	3 824	1 713	5 441	2 437

8 OTHER EXPENSES

Materials	19	33	27	47
Salaries	125	120	178	171
Social insurance contributions	18	18	26	26
Depreciation and amortisation	119	86	169	122
Sponsorship	36	49	51	70
Loss from sale of fixed assets	734	309	1 044	440
Loss from increase in exchange rates, net	-	1 371	-	1 951
Other expense	4 284	4 016	6 096	5 714
	5 335	6 002	7 591	8 541

EXPENSES BY NATURE

Purchase of natural gas	230 577	182 059	328 081	381 208
Depreciation and amortisation	23 332	15 757	33 198	22 420
Employee benefit expense	13 531	14 005	19 253	19 928
Material and spare parts	7 706	6 236	10 965	8 873
Net provisions for impaired receivables	(74)	6 849	(105)	9 745
Other expenses	11 186	11 294	15 916	16 070
	286 258	236 200	407 308	458 244

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9 FINANCE INCOME, NET

Finance income				
- Interest income	528	815	751	1 160
	<u>528</u>	<u>815</u>	<u>751</u>	<u>1 160</u>
Finance expenses				
- Interest expenses	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Finance income, net	<u>528</u>	<u>815</u>	<u>751</u>	<u>1 160</u>